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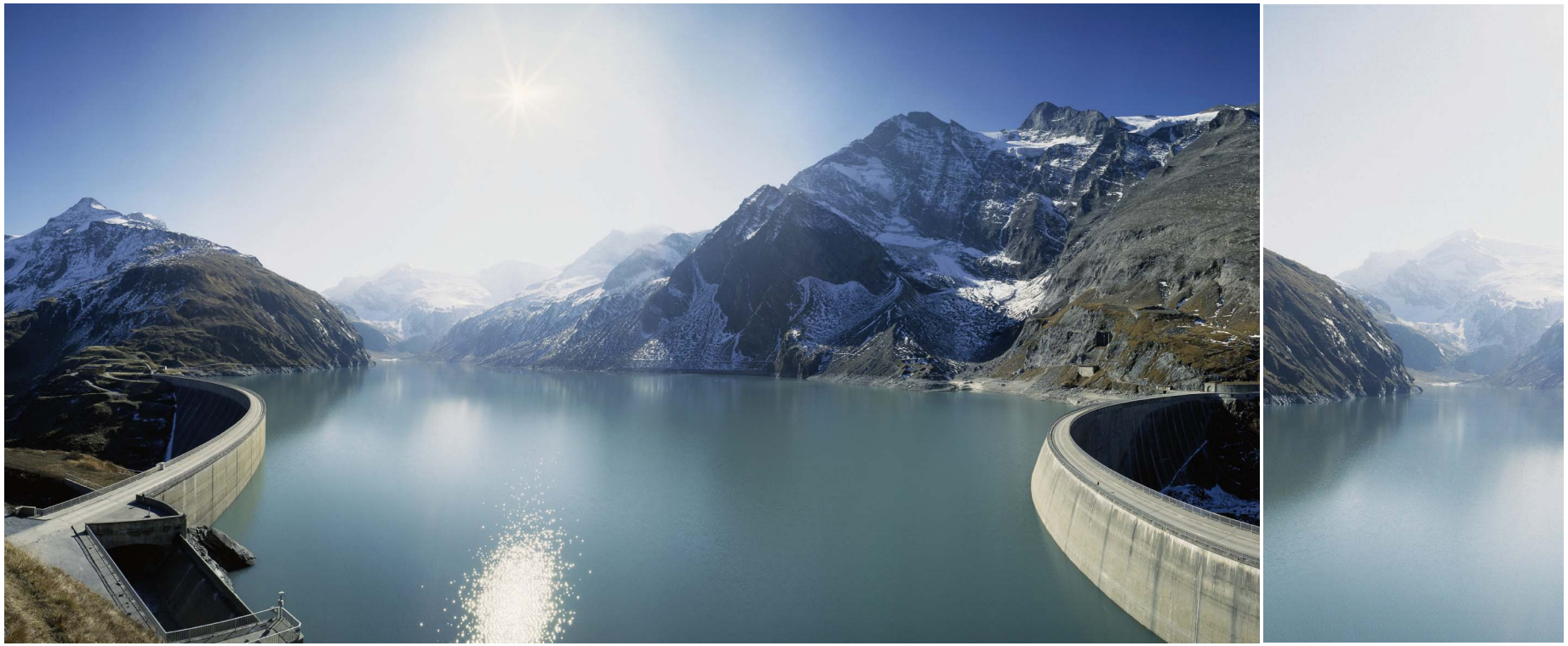

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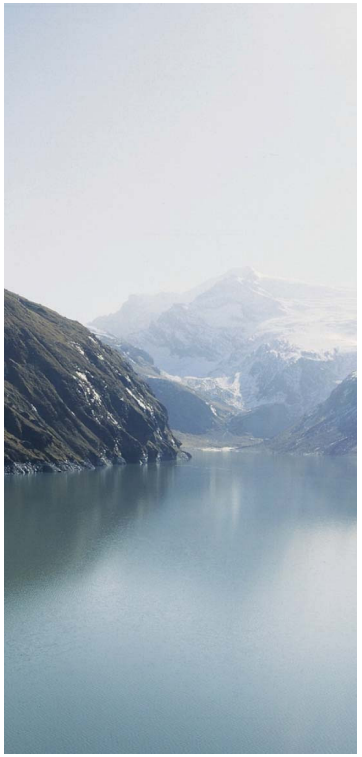
VERBUND COMPANY PRESENTATION

Results Q1/2012



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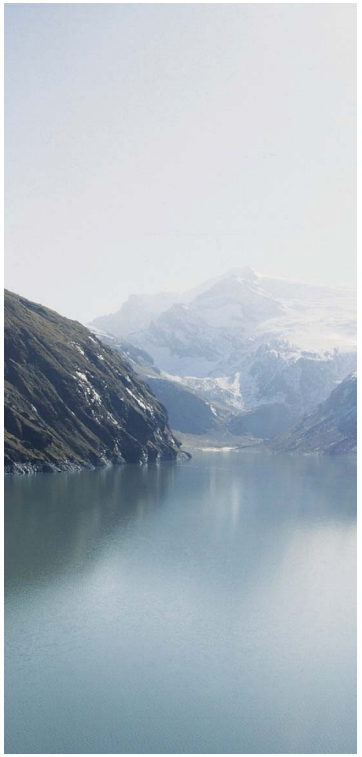
Results Q1/2012



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Highlights

- Operating result up to €263.6m (+22.2%)
  - Favourable water supply: hydro coefficient was 1.19 or 19% above the long-term average and 20 percentage points above the prior-year figure
  - Higher realized contract prices based on strong 2012 futures (traded in 2011)
- Group result increased to €119.5m (+10.2%)
  - Increase of guarantee liabilities for CCGT Toul (€-41m)
- Ongoing investments in renewable hydropower plants and regulated high voltage grid in Austria: €114.7m invested in property, plant and equipment
- Investments in participations €67.4m; hydropower plant Menge (TR) in operation
- Gearing stable at 81.5%; Moody‘s A2 rating changed to negative outlook

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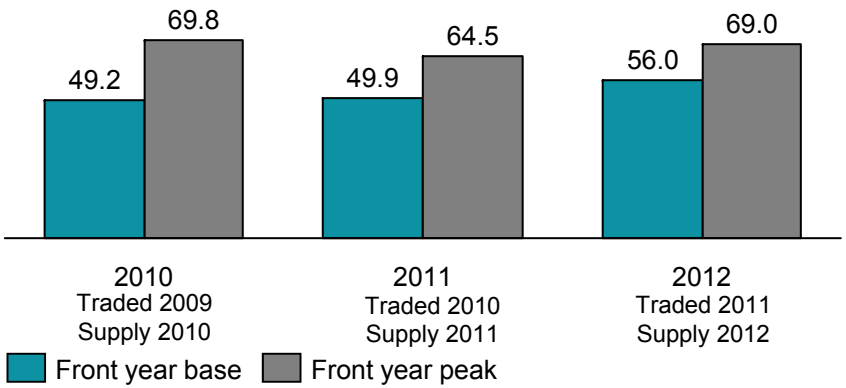
Electricity wholesale prices

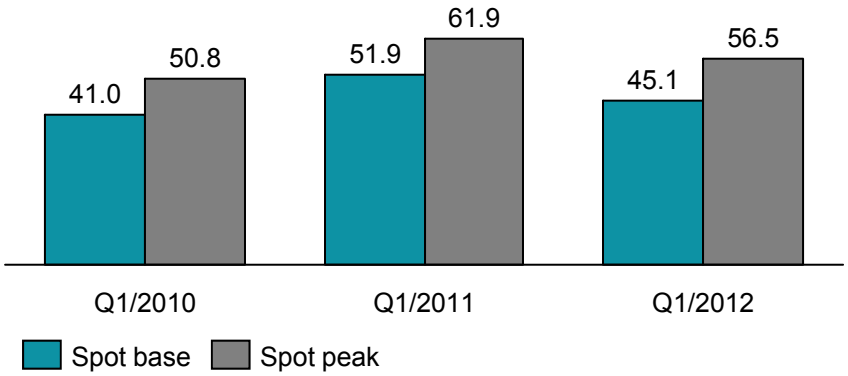
- 2012 futures traded in 2011 developed on average by +12% (baseload) and +7% (peakload) compared to previous year (positive impact from Germany's decision to phase out nuclear after Fukushima)
- Q1/2012 forwards increased by 12% (base) and 14% (peak); monthly forwards 2012 (Jan-Mar) decreased by 6% (base) and 7% (peak)
- Q1/2012 spot market prices decreased by 13% (base) and 9% (peak) compared to Q1/2011
- Spot prices in Q1/2012 were mainly affected by low demand and low CO_2 prices
- Power prices expected to remain weak because of low demand, low CO_2 prices, overcapacities and impact of renewables

Average futures prices (€/MWh)



Source: EEX

Average spot prices (€/MWh)



Source: EPEX

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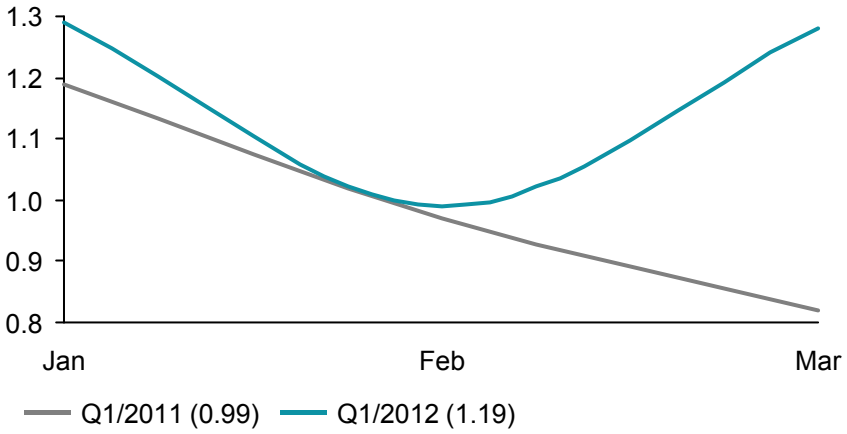
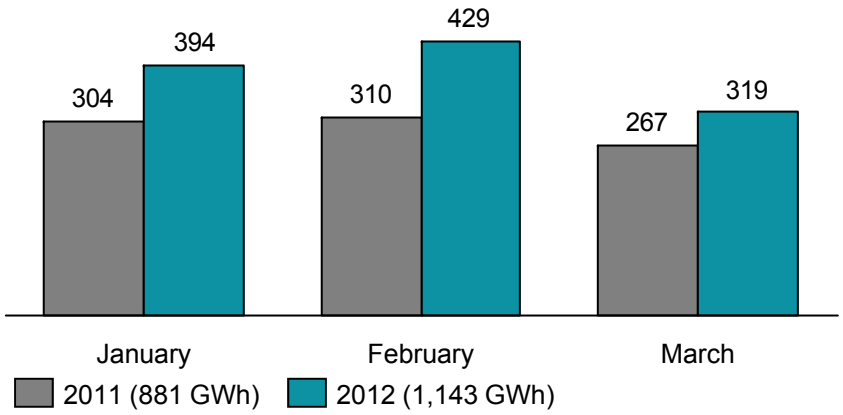
Hydro coefficient and electricity supply

Hydro coefficient (run-of-river)



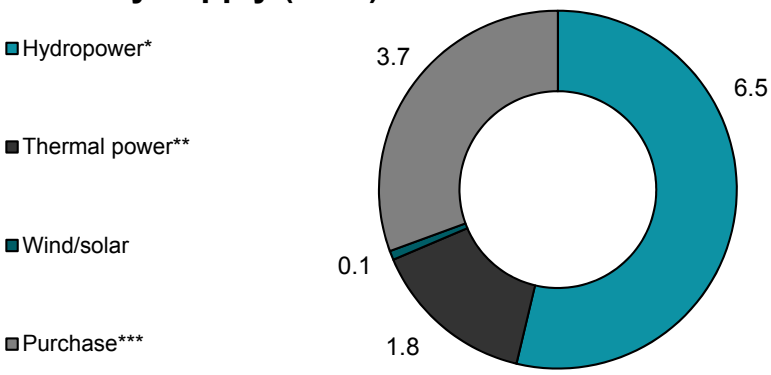
Generation from annual reservoirs (GWh)



Electricity supply +672 GWh (+5.9%)

- Hydropower: +1,103 GWh (+20.4%)
  - Hydro coefficient: 1.19
  - Generation from storage power plants +262 GWh
- Thermal Power: +239 GWh (+15.7%)
  - Pont-sur-Sambre power plant +127 GWh
  - CCGT Mellach +395 GWh
- Wind/Solar: +16 GWh (+44.2%)
- Purchase from third parties: -686 GWh (-15.5%)

Electricity supply (TWh)



* volumes for holders of interests: 0.9 TWh (at cost),
** volumes from POWEO's Pont-sur-Sambre power plant 0.5 TWh (0.4 in Q1/2011)
*** including Austrian Power Grid AG's grid loss and control energy volumes of 0.8 TWh

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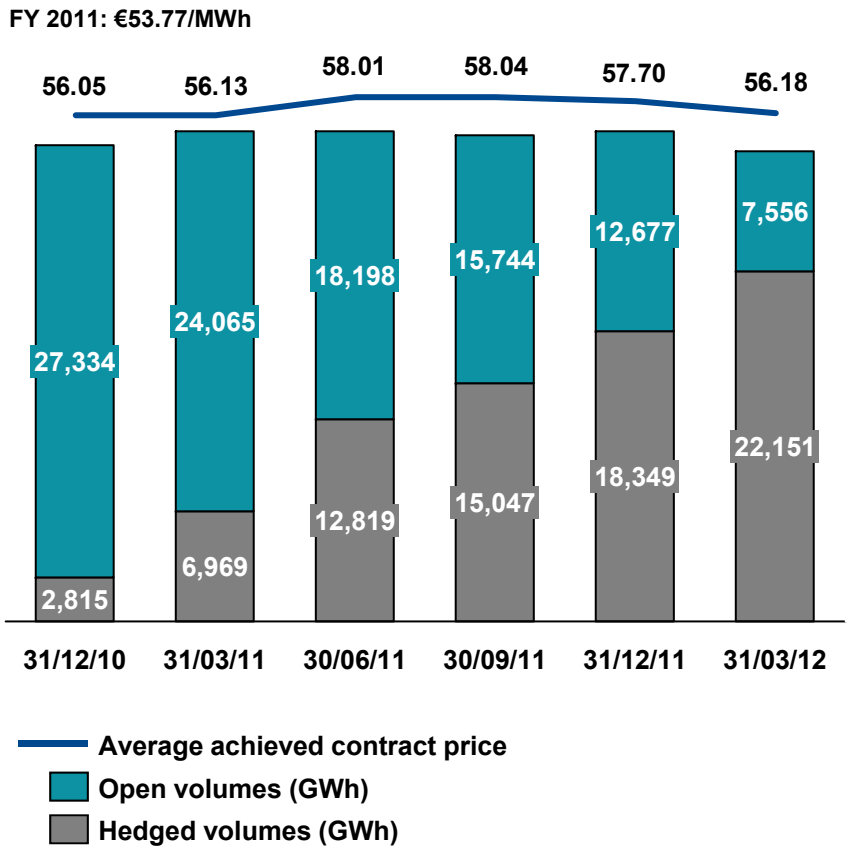
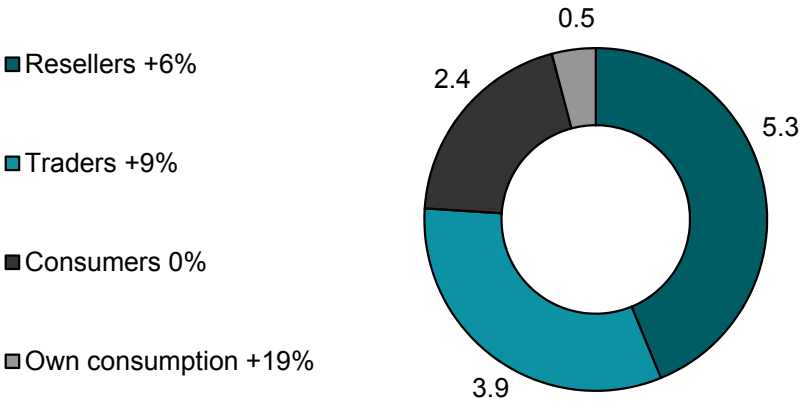
Hedging volumes and sales

Hedging volumes* 2012

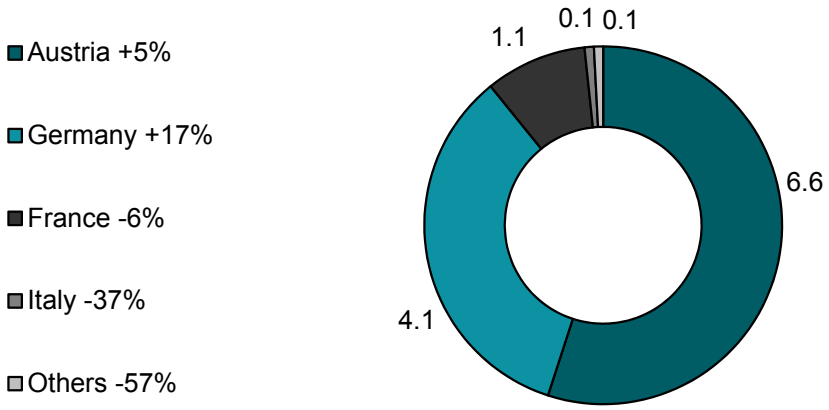


*Own production excluding volumes for holders of interests (at cost) and volumes resulting from pumping; incl. POWEO's volumes and volumes from E.ON acquisition

Sales — customers (TWh)



Sales — countries (TWh)



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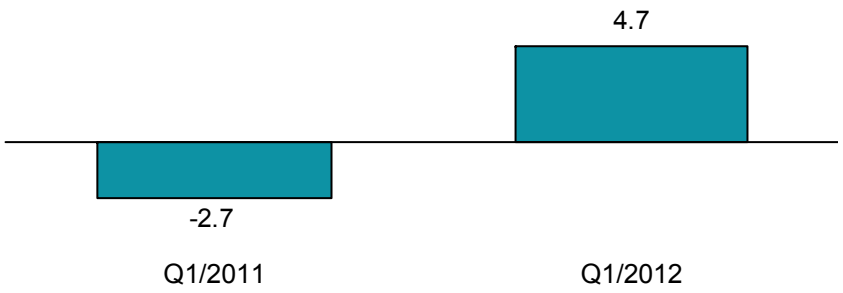
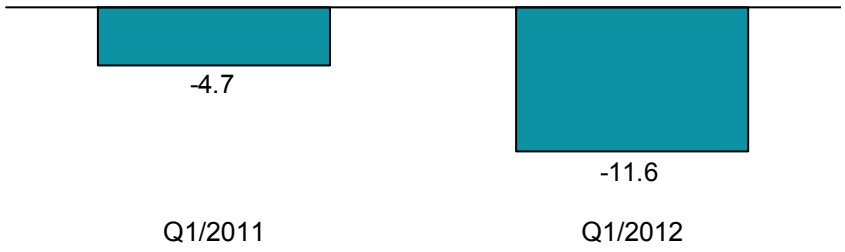
At equity interests

Turkey (€m)



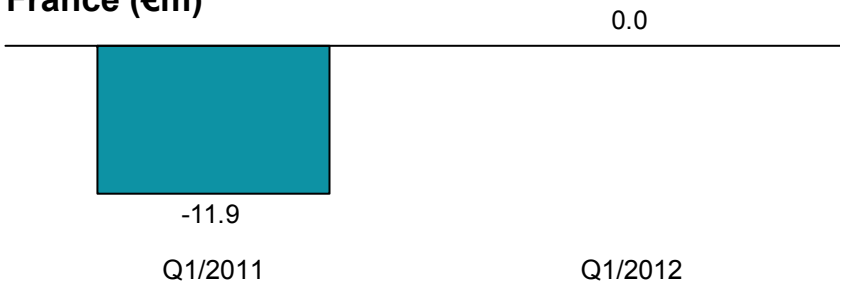
- Foreign exchange gain of €7m in Q1/2012; Foreign exchange loss of €14m in Q1/2011
- Baskent results influenced by expenses for Ayedas bid bond

Italy (€m)



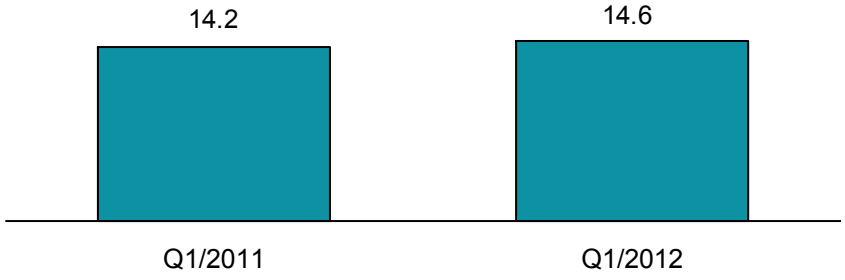
- Provision for negative Q1/2012 result (€-9.2m)
- Reduction in generation margins due to the rise in gas prices and the slowdown in demand

France (€m)



- Carrying amounts were reduced to zero in 2011
- Off-balance sheet losses in Q1/2012: €7.8m

Austria (€m)



- Stable development of Austrian at equity interests
- SSG (€9m), KELAG (€4m), EKG (€1m)

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Income statement

Electricity revenue €+131m (+19%)

- Higher electricity sales to resellers and international traders
- Central purchase/sale of grid loss and control energy by APG

Grid revenue €-7m (-7%)

- Higher revenues from auctions and domestic business
- Central purchase/sale of grid loss energy by APG presented under grid revenue in Q1/2011 (change in Q2/2011)

Exp. for electricity purchases & use of fuels €–67m (–20%)

- Trial operation of CCGT Mellach (commissioning expenses capitalised -> other operating income)

Personnel expenses €–19m (–23%)

- Higher pensions and expenses for severance payments

Other operating expenses €–14m (–49%)

- Higher maintenance costs

Depreciation & amortisation €–7m (-13%)

- Effects from reversal of impairment losses in 2011; Limberg II

Result from equity interests €+11m

- Contribution foreign interests: €–7m, domestic interests: €15m

Other financial result €–41m

- Increase of guarantee liability CCGT Toul €-41m

€m	Q1/2012	Q1/2011	Change
Revenue	**838**	**707**	**19%**
Electricity revenue	711	582	22%
Grid revenue	101	108	-7%
Other	26	17	60%
Other operating income	31	9	n.a.
Expenses for electricity purchases & use of fuels	-399	-332	-20%
Other operating & personnel expenses	-141	-109	-29%
EBITDA	**329**	**274**	**20%**
Depreciation & amortisation	-65	-58	-13%
EBIT	**264**	**216**	**22%**
Result from equity interests	12	1	n.a.
Interest income/expense	-64	-66	4%
Other financial result	-28	13	n.a.
Financial result	**-79**	**-52**	**-52%**
Group result	**120**	**109**	**10%**
Earnings per share (€)	**0,34**	**0,31**	**10%**

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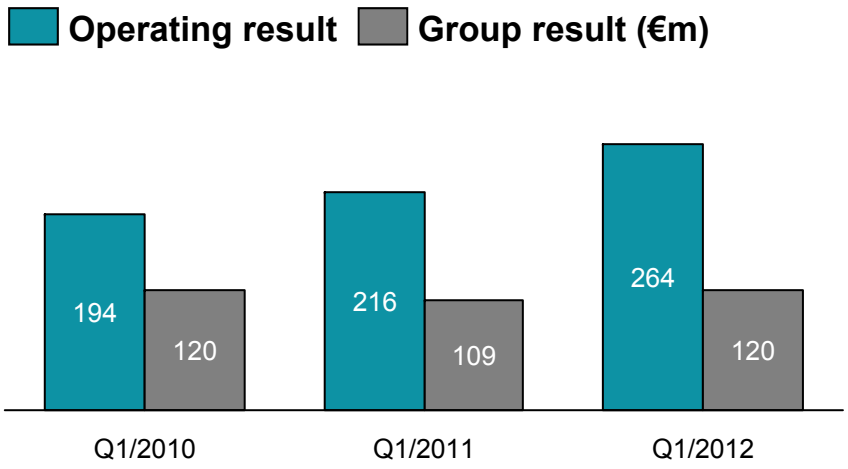
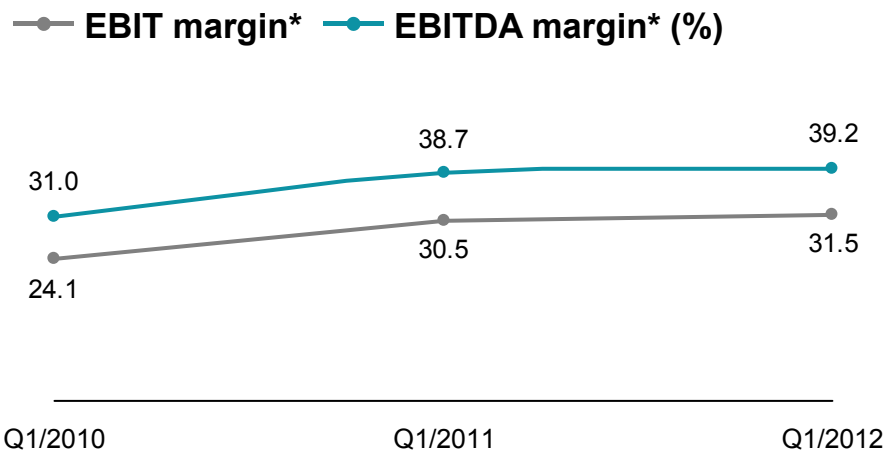
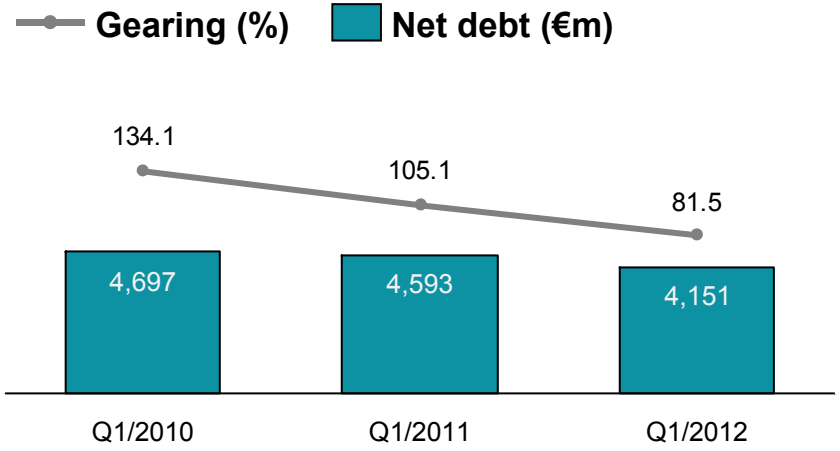
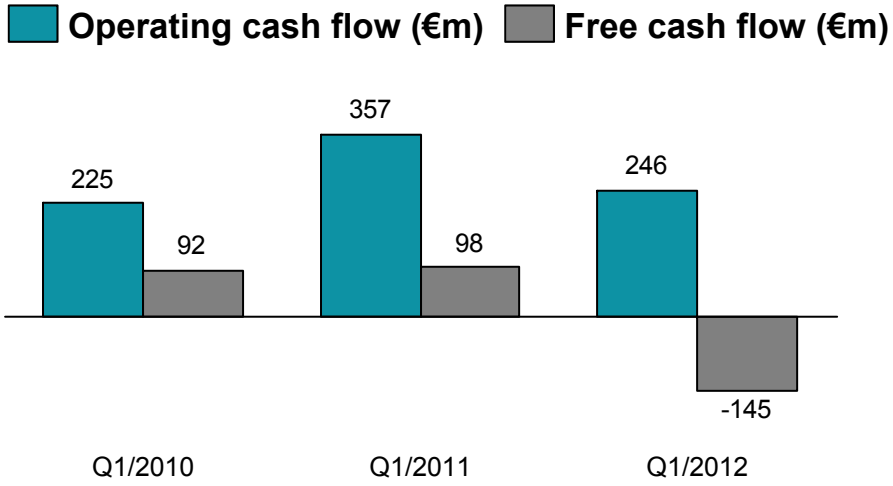
Key financial figures





* The key figures were adjusted to the changes in accounting treatment for energy derivatives in the wholesale portfolio. The change was implemented retrospectively effective 1 January 2011 in accordance with IAS 8. There was no adaptation of the year's before 2011 figures.





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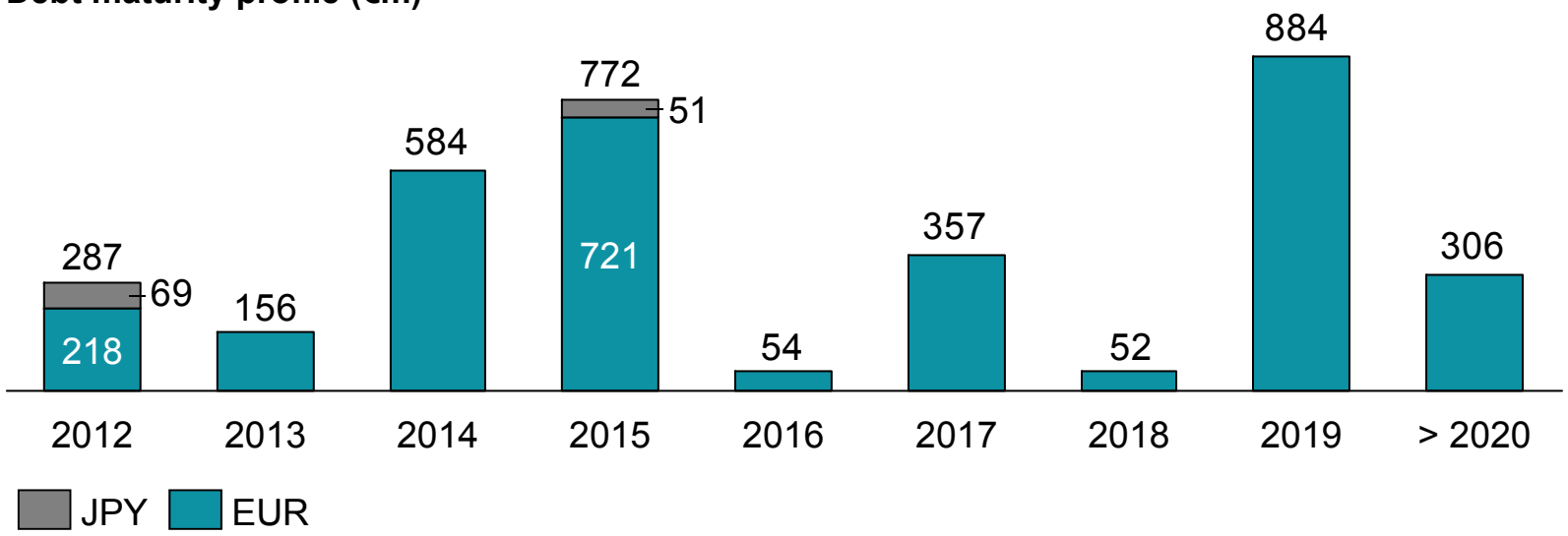
Financial liabilities

Debt maturity profile (€m)



Financial Liabilities
- Book value Financial Liabilities: €3,613m

Financial ratios
- Duration: 3.2 years
- Effective interest rate: 4.4% p.a.

- Uncommitted lines of credit: €755m
- Syndicated loan: €750m

Interest mix
- 90% fixed interest rate
- 10% floating interest rate

Currency mix
- 98% EUR
- 2% JPY

Rating

- **Standard & Poor's**: A-/stable outlook

- **Moody's**: A2/negative outlook

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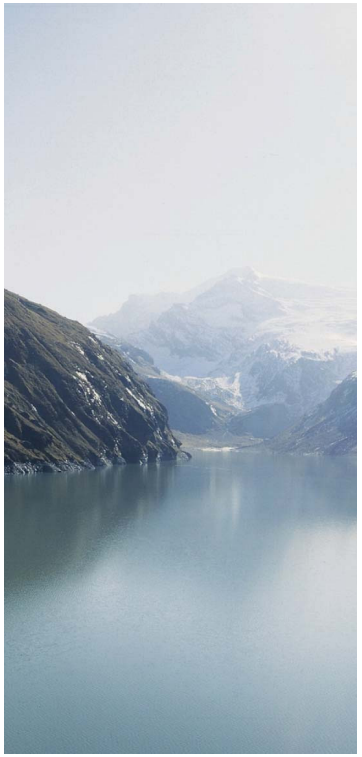
Strategy



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Strategy overview

Profitable growth while maintaining solid investment grade rating in “A” range

- Focus on 4 markets: Austria, Germany, Italy and Turkey
- Hydropower and its expansion as basis for VERBUND’s profitable growth
- Hydropower generation portfolio complemented by gas and wind
- Trading is the central hub for energy at VERBUND
- Sales business secures hedging of own generation
- Expansion of electricity grid to secure supply
- Innovations and development of new applications

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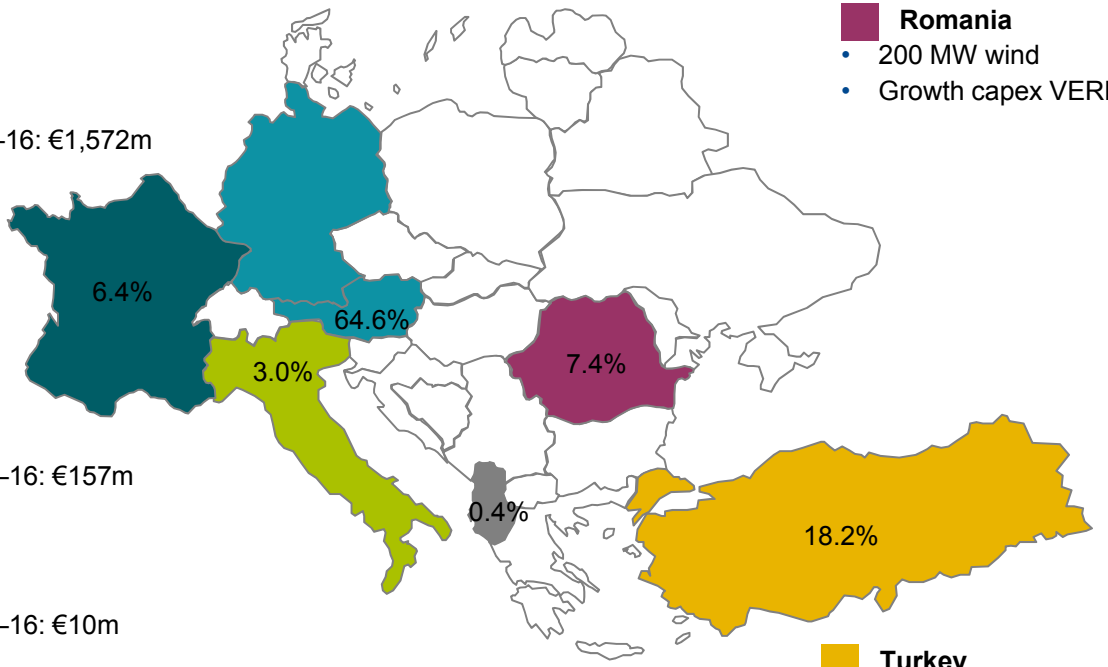
€2.4bn planned capex for profitable growth 2012-2016

Austria/Germany
- 1,210 MW hydro storage capacity*
- 196 MW hydro run-of-river*
- 832 MW natural gas
- 57 MW wind
- Investments in high-voltage grid
- Growth capex VERBUND 2012–16: €1,572m

Growth capex split (2012–2016)



Romania
- 200 MW wind
- Growth capex VERBUND 2012–16: €179m

France
- Investments to date: €0.4bn
- Growth capex VERBUND 2012–16: €157m

Albania
- 53 MW hydro run-of-river**
- Growth capex VERBUND 2012–16: €10m

Italy
- Business Model: Vertically integrated utility
- Approx. 5.0 GW thermal and renewables by 2015
- Investments to date: €0.6bn
- Capex VERBUND 2012–16: €72m

Turkey
- Business model: Vertically integrated utility
- Approx. 5.0 GW hydro, thermal and renewables by 2015
- Investments to date: €1.0bn
- Growth capex VERBUND 2012–16: €442m

* VERBUND's share of total capacity: 825 MW hydro storage; 100 MW run of river; **VERBUND's share: 26.5 MW

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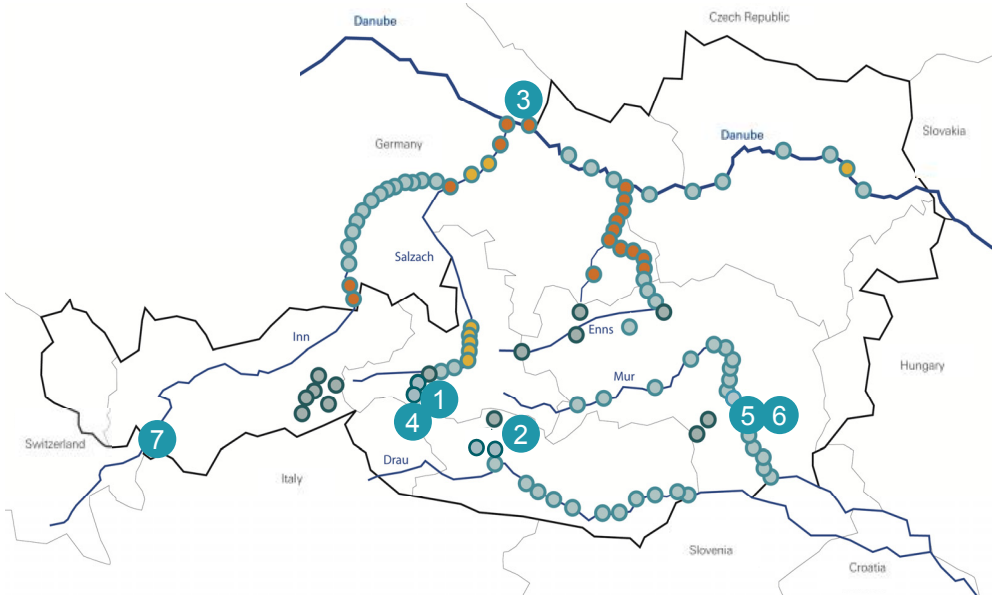
Austria/Germany - hydropower plants & projects of VERBUND



- Storage power plant
- Run-of-river plant
- Run-of-river plant (participation of VERBUND Hydro Power AG)
- Run-of-river plant (participation of VERBUND AG)

Projects – storage power plants:

1. 480 MW Limberg II
   - operative, Capex: €400m
2. 430 MW Reisseck II (45%)
   - COD: 2014, Capex: €160m
3. 300 MW Jochenstein/Riedl (50%)
   - COD: 2018, Capex: €220m
4. 480 MW Limberg III
   - COD: 2020, Capex: €450m

Projects – run-of-river power plants:

5. 19 MW Gössendorf (50%)
   - operative
6. 19 MW Kalsdorf (50%)
   - COD: 2012
7. 89 MW joint power plant Inn (50%)
   - COD: 2015

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Italy

Market

- Reduction in generation margins
  - Sharp slowdown in demand
  - Rise in gas prices
  - Overcapacity in terms of production
  - Competition from renewable sources
- Italian market still more attractive compared to EEX/EPEX price zone

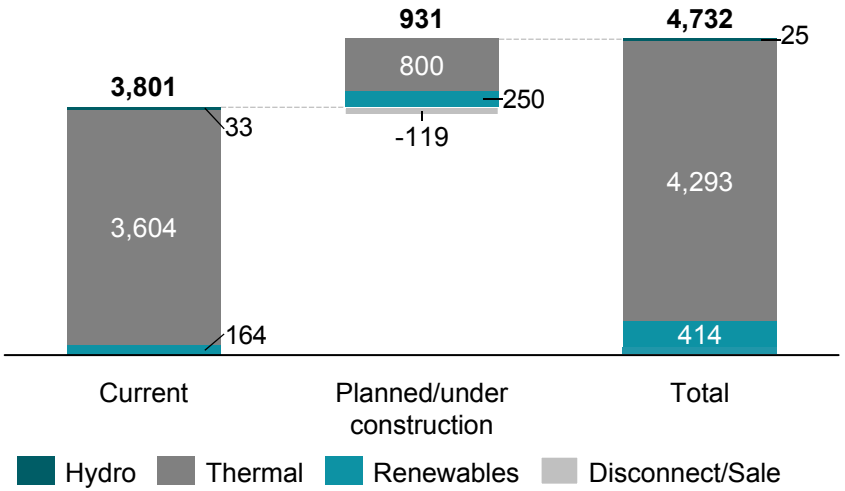
Finalisation of industrial plan

- Fourth CCGT Aprilia will start commercial operations in quarter 2/2012
- No further equity injections for growth projects planned

Maintain status quo and restructuring of Sorgenia

- Total capacity online: 3.8 GW (95% thermal – mainly CCGTs, 5% renewables); plants under construction or planned for a further 800 MW CCGT and 250 MW renewables; 111 MW thermal disconnect and 8 MW hydro sale

Capacities (MW)



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Turkey

Market

- Robust long term electricity demand growth rates
- Deregulation on track
- Market accommodates VERBUND's preferred generation mix

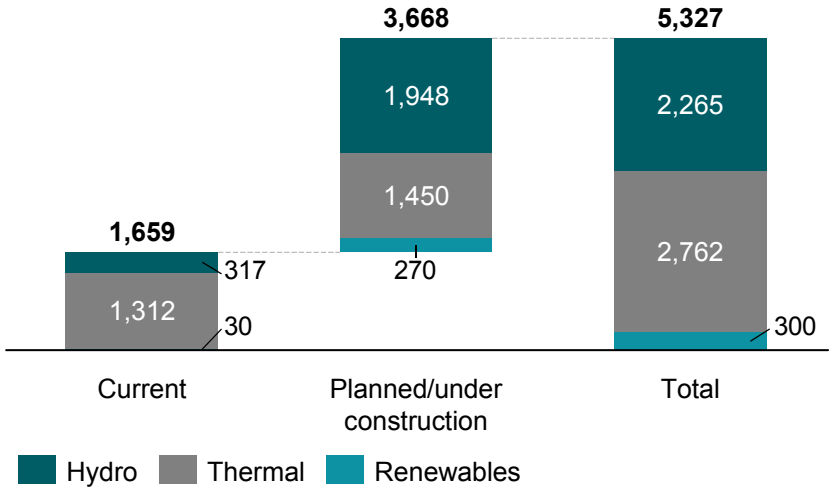
Developing a business plan

- 5,000 MW by 2015
- 10% market share
- No acquisition of distribution company Ayedas

- Evaluating opportunities for potential IPO
- Negotiations over new framework agreement for 2020

- Current capacity:
  - 1.7 GW (79% gas, 19% hydro, 2% wind)
- Total capacity after finalisation of current business plan:
  - 5.3 GW (52% gas, 43% hydro, 5% wind)

Capacities (MW)



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France

Market

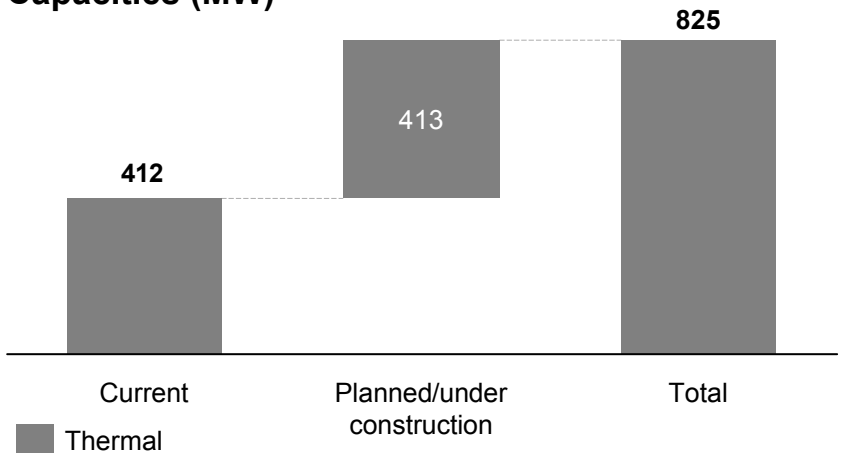
- Wholesale market provides opportunities for flexible generation
- Additional flexibility expected from spot-indexed gas contract for CCGT Toul

Restructuring

- Safeguard procedure for CCGT Pont-sur-Sambre started March 12th, 2012
  - Long term gas contract with ENI cancelled from local court on April 24th
- Poweo S.A./Direct Energie call option expires 30/6/2013

- Completion of CCGT Toul
  - Capacity: 413 MW
  - Total investment: €384m
  - Expected COD: Q4/2012
- Sale of Renewables Portfolio in 2011
  - 120 MW wind and photovoltaic portfolio sold to a consortium of AXA Private Equity and neoen

Capacities (MW)



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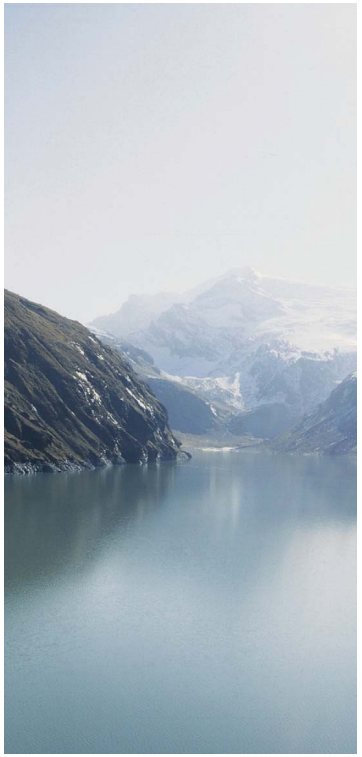
Outlook



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Outlook

Sensitivities 2012

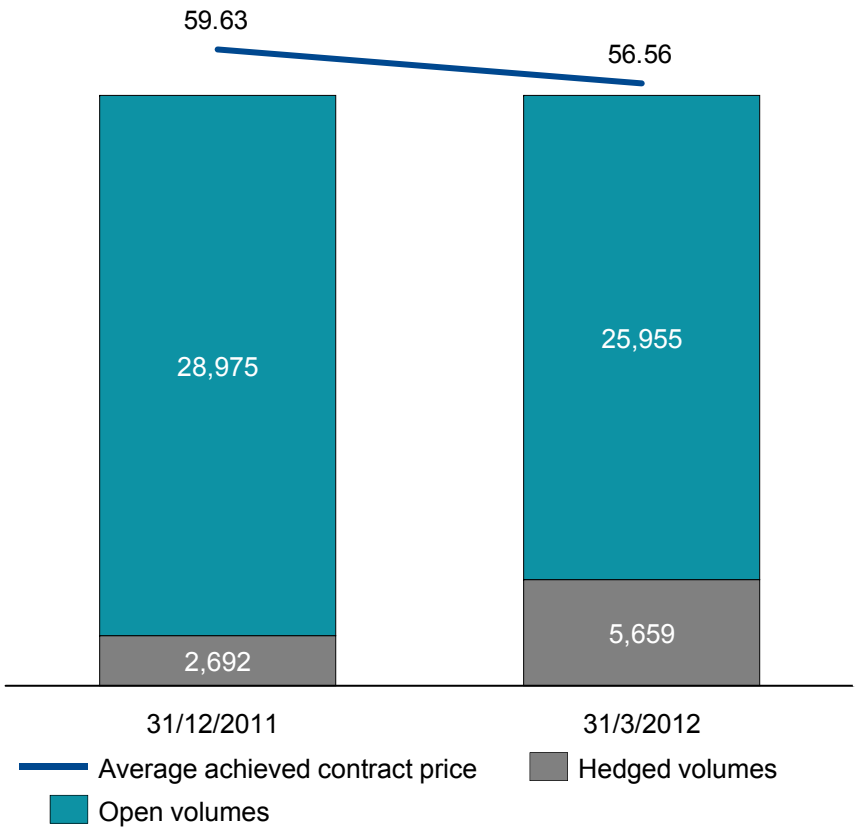
A change of 1% (generation from hydropower) or €1/MWh (wholesale price) either way would be reflected as follows in the operating result for 2012, other things being equal:

- Greater or less generation from hydropower: +/– €8.6m
- Wholesale prices: +/– €7.6m

Guidance 2012

- Regarding the outlook, given the uncertain macroeconomic and financial environment and the resulting difficult conditions in the energy industry, it is impossible at present to give a serious forecast for earnings in 2012.
- Our dividend policy will aim for a payout ratio of approx. 50% of the Group result.

Hedging volumes* 2013



*Volumes: Own production excluding volumes for holders of interests (at cost) and volumes resulting from pumping; incl. POWEO's volumes and volumes from E.ON acquisition

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